



Republika e Kosovës  
Republika Kosova  
Republic of Kosovo



Zyra Kombëtare e Auditimit  
Nacionalna Kancelarija Revizije  
National Audit Office

**AUDIT REPORT**  
**ON THE ANNUAL FINANCIAL STATEMENTS OF GJILAN**  
**MUNICIPALITY**  
**For year 2019**

**Prishtina, June 2020**

The National Audit Office of the Republic of Kosovo is the highest institution of economic and financial control and is accountable to the Assembly of Kosovo for its work.

The reports of the National Audit Office directly promote accountability of public institutions as they provide a base for holding managers' of individual budget organisations to account. We are thus building confidence in the spending of public funds and playing an active role in securing taxpayers' and other stakeholders' interests in enhancing public accountability.

This audit is carried out in line with the International Standards of Supreme Audit Institutions, and good European practices.

The Auditor General has decided on the audit opinion on the Annual Financial Statements of Gjilan Municipality, in consultation with the Assistant Auditor General Naser Arllati, who supervised the audit.

The report issued is a result of the audit carried out by Pleurat Isufi, Team Leader, and Milosh Petrovic and Gazmend Namani, team members, under the management of Audit Department Director Astrit Bllaca.

## TABLE OF CONTENTS

Executive Summary .....	4
Audit Scope and Methodology .....	5
1    Audit Opinion on Annual Financial Statements .....	6
2    Financial Management and Control.....	8
3    Progress in implementation of recommendations .....	26
Annex I: Explanation of the Different Types of Opinion Applied by NAO .....	33
Annex II: Confirmation Letter.....	36

## Executive Summary

This report summarises the key issues arising from our audit of Gjilan Municipality for 2019, which includes the Opinion of the Auditor General on Annual Financial Statements. Examination of 2019 financial statements was undertaken in accordance with the International Standards of Supreme Audit Institutions (ISSAIs).

Our audit focus has been on:



### Conclusions

The annual financial statements were prepared in compliance with MF Rule no.01/2017 on Annual Financial Reporting of Budget Organisations, except for some non-material errors regarding the misclassification of expenditures.

Controls over expenditures required further improvements, particularly in the area of procurement which lacked a proper process of contracts' evaluation and implementation. Significant weaknesses have been found in other important financial areas including, expenditures, liabilities and assets.

The response to the prior year recommendations shows that out of 18 recommendations given, ten were implemented, one was in the process of implementation, four were not implemented and three have been considered as closed.

### Opinion of the Auditor General<sup>1</sup>

#### Unmodified Opinion.

For more details, see Chapter 1 of this report.

### Management's Response to audit 2019

The Mayor has agreed with audit findings and conclusions and committed to address all the recommendations given. The National Audit Office appreciates the cooperation from the management and staff of the Municipality during the audit process.

<sup>1</sup> Annex 1 explains the types of opinions according ISSAIs.

## Audit Scope and Methodology

The Audit involves examination and evaluation of Financial Statements and other financial records in regard to as the following:

- Whether the financial statements give a true and fair view of the accounts and financial matters for the audit period;
- Whether the financial records, systems and transactions comply with applicable laws and regulations;
- Whether the internal controls and internal audit functions are appropriate and efficient; and
- Whether appropriate actions for implementation of audit recommendations have been undertaken.

The audit was based on risk assessment. We have analysed Gjilan Municipality's operations, the extent the management controls could be relied to in order to determine the level of in-depth testing required to obtain evidence supporting the Auditor General's opinion.

Our procedures have included a review of internal controls, accounting systems and related substantive tests, as well as related governance arrangements to the extent considered necessary to effectively conduct of audit. Audit findings should not be regarded as representing a comprehensive overview of all the weaknesses that may exist, or of all improvements that could be made to the systems and procedures operated.

The following chapters provide a detailed description of the audit findings and recommendations in each audited area. Management's response to audit findings can be found in Annex II.

# 1 Audit Opinion on Annual Financial Statements

We have audited the AFS of Gjilan Municipality for the year ended on 31 December 2019 in accordance with the Law on NAO and the International Standards of Supreme Audit Institutions (ISSAIs). Audit examinations were carried out in order to allow expressing opinions on AFS which comprise the Statement of Cash Receipts and Payments, and Budget Execution Statement, provided further in detail.

## **Unmodified Opinion**

In our opinion, the Annual Financial Statements for the year ended on 31 December 2019 give a true and fair view in all material respects, in accordance with International Public Sector Accounting Standards (IPSAS) according to cash basis of accounting.

## **Basis for the Opinion**

The audit is carried out in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the section 'Auditor's responsibilities for the audit of the Annual Financial Statements' of our report. In compliance with ISSAI 10 and 30, and other relevant requirements for audit of budget organisations' AFSs, the NAO is independent from the Municipality. We believe that the obtained audit evidence is sufficient and appropriate to provide a basis for our audit opinion.

## **Responsibility of Management for AFS**

The Mayor and the Chief Financial Officer are responsible for the preparation and fair presentation of financial statements in accordance with International Public Sector Accounting Standards – Financial Reporting under the Cash Basis of Accounting. In addition, the Management is responsible for establishing internal controls, which the management determines as necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. This includes the fulfilment of requirements set forth in Law no.03/L-048 on Public Financial Management and Accountability (as amended and supplemented) and Regulation No. 01/2017 on Annual Financial Statements of Budget Organisations.

The Mayor is responsible to ensure the oversight of the Municipality's financial reporting process.

## **Auditor General's Responsibility for the audit of the AFS**

Our responsibility is to express an opinion on the AFS based on our audit conducted in accordance with ISSAIs. These standards require that we obtain reasonable assurance about whether the financial statements are free from material misstatements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will detect every material misstatement that might exist. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could influence the decisions taken on the basis of these AFS.

The audit involves performing procedures to obtain evidence about the financial records and disclosures in the AFS. The selected procedures depend on the auditor's judgment, including the assessment of the risks of material misstatement in the AFS, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the entity's circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the presentation of the financial statements.

We communicate with the management of the audited entity regarding the audit scope, planned time and significant findings including any significant shortcoming in internal control that we have identified during the audit.

The audit report is published on the NAO's website, except for information classified (as sensitive) or other legal or administrative prohibitions in accordance with applicable legislation.

## 2 Financial Management and Control

Our work related to Financial Management and Control (FMC) reflects the detailed audit activities undertaken on Revenue and Expenditure Systems within Budget Organisations. Specifically, we have handled budget management, procurement, human resources and assets and liabilities as well as the internal audit function.

### Conclusion on Financial Management and Control

Gjilan Municipality spent 94% of the final budget for 2019, which implies a good budget execution at aggregate level. Controls over expenditures require further improvements, particularly in the area of procurement which lacked a proper process of contracts' evaluation and implementation. Significant weaknesses have been found in other important financial areas including expenditures, liabilities, and assets.

Particular importance should be paid to the procurement process during the evaluation of contracts, misclassification of expenditures; recording of non-financial assets; operationalization of e-assets program; and undertaking actions to reduce liabilities and properly disclose them in the AFS.



## 2.1 Budget Planning and Execution

We have considered the sources of budget funds and spending of funds by economic categories. This is highlighted in the tables below:

**Table 1. Sources of budgetary funds (in €)**

Description	Initial Budget	Final Budget <sup>2</sup>	2019 Outturn	% of 2019 Outturn	2018 Outturn	2017 Outturn
<b>Sources of Funds:</b>	<b>25,544,787</b>	<b>27,146,780</b>	<b>25,499,227</b>	<b>94</b>	<b>24,353,251</b>	<b>21,945,524</b>
Government Grant - Budget	20,862,476	20,862,476	20,349,084	98	19,693,440	17,522,089
Carried forward from previous year <sup>3</sup> -	-	1,091,964	1,042,842	96	956,796	1,203,985
Own Source Revenues <sup>4</sup>	4,465,884	4,465,884	3,880,386	87	3,213,264	3,078,570
Domestic Donations	-	56,045	55,603	99	50,532	3,152
External Donations	-	670,411	171,312	26	439,219	137,728
Borrowing	216,427	-	-	-	-	-

The final budget increased by €1,601,993 compared to the initial budget. This is as a result of own source revenues carried forward from the previous year as well as domestic and external donations.

In 2019, the Municipality spent 94% of the final budget or €25,499,227, with an improvement of 2% compared to 2018. Explanations on the current position are detailed below.

<sup>2</sup> Final budget – the budget approved by the Assembly subsequently adjusted by the Ministry of Finance.

<sup>3</sup> Municipal Own Source Revenues unspent in previous year carried forward into the current year.

<sup>4</sup> Receipts used by the entity for financing its own activities.

**Table 2. Spending of funds by economic categories - (in €)**

Description	Initial Budget	Final Budget	2019 Outturn	% of 2019 Outturn	2018 Outturn	2017 Outturn
<b>Spending of funds by economic categories</b>	<b>25,544,787</b>	<b>27,146,780</b>	<b>25,499,227</b>	<b>94</b>	<b>24,353,251</b>	<b>21,945,524</b>
Wages and Salaries	15,472,123	15,529,766	14,958,556	96	14,883,094	14,394,998
Goods and Services	3,710,000	3,868,059	3,722,837	96	3,205,411	2,653,764
Utilities	671,500	671,500	515,225	77	684,100	496,834
Subsidies and Transfers	608,936	1,082,486	775,550	72	778,398	536,720
Capital Investments	5,082,228	5,994,969	5,527,059	92	4,802,248	3,863,208

Explanations for changes in budget categories are given below:

- The final budget on salaries increased by €57,643. This was as a result of carried-forward revenues of €10,000 and donations of €47,643.
- The final budget on Goods and Services increased by €158,059. This was as a result of carried-forward revenues of €230,000 and donations of €144,486. Whilst the budget decreased by €216,427 for the funds of Financing from borrowing, which had been transferred to the Ministry of Health.
- The final budget on Subsidies increased by €473,550. This was as a result of carried-forward revenues of €52,000 and donations of €421,550.
- The final budget on capital investments increased by €912,741. €. This was as a result of carried-forward revenues of €799,964 and donations of €112,777.

---

**Issue A1 – Misclassification of expenditures in economic categories****Finding**

MoF Regulation no.01/2013 on public money expenditure, Article 18 para. 3, stipulates that expenditures should have the adequate codes, as defined under the Administrative Instruction for the accounting plan. Treasury's accounting plan sets forth the respective codes and categories of expenditures that BOs should apply.

The municipality made payments of €176,912 from the wrong categories such as:

- From the category of Capital Investments the amount of €3,000 which belong to the category of Goods and Services. They relate to the award given for a designing competition;
- The amount of €160,630 was paid for funeral expenditures from the category of Goods and Services, which in fact belongs to the category of Subsidies;
- Salaries of education employees in the amount of €10,315 were paid through court decisions from the category of Goods and Services; and
- In one case, funds in the amount of €2,967 for supporting a sports activity for the Police Union were paid from the category of Goods and Services instead of the category of Subsidies.

We were not given any explanation by the municipal officers regarding these misclassifications.

**Impact**

Payments made from inadequate categories lead to incorrect presentation of notes in the financial statements of the Municipality. As a result, the data on the categories of expenditures are not accurate thus presenting misleading information for the users of the AFS.

**Recommendation A1** The Mayor should ensure that all necessary actions are undertaken in order to enable that all expenditures are planned under adequate budget lines or funds are re-designated and that payments and recording of expenditures are made under the adequate economic codes.

## 2.1.1 Revenues

Revenues generated by the Municipality in 2019 were €3,765,119. They relate to revenues from property tax, revenues from construction permits, administrative fees, revenues from business activities, revenues from rent, etc.

**Table 3. Revenues (in €)**

Description	Initial budget	Final budget	2019 Receipts	% of Receipts 2019	2018 Receipts	2017 Receipts
<b>Total of revenues</b>	<b>4,465,885</b>	<b>4,465,885</b>	<b>3,765,119</b>	<b>84</b>	<b>3,360,094</b>	<b>3,672,615</b>
Tax revenues	1,435,000	1,435,000	1,651,324	115	1,412,110	1,437,760
Non-tax revenues	3,030,885	3,030,885	2,113,795	70	1,947,984	2,234,855

The Municipality has also had indirect revenues in the amount of €815,395. Indirect revenues consisted of traffic fines of €744,645, court fines of €52,260, and revenues of €18,490 from the Forestry Agency. We have tested 38 samples of €421,810 as part of substantive testing and 15 samples as part of compliance testing.

### Issue B1 – Municipal property leased out without adhering to procedures

**Finding** Law no.06/L-092 on allocation for use and exchange of municipal immovable property, Article 8, stipulates that allocation for use of municipal immovable property shall take place under the procedures of public auction; expression of interest; and negotiations of the Mayor.

The Municipality had entered into an agreement with an amount of €1,667 per months with a company on 29.04.2009, which was renewed on 01.07.2014. The Municipality did not fully apply the requirements set forth in the Law no.06/L-092 on Allocation for use and exchange of municipal immovable property. Municipal officers did not provide any explanation as to why the legal requirement had not been applied.

**Impact** Failure to adhere to the law on allocation for use and supervision of municipal property has prevented the Municipality from obtaining the highest price for the use of this property.

**Recommendation B1** The Mayor should ensure that the municipal immovable property is effectively used by giving due consideration to adherence to procedures on allocation for use and exchange of municipal immovable property.

## 2.1.2 Wages and Salaries

The final budget for 2019 was €15,529,766, out of which €14,958,556 were spent. The number of employees according to the budget was 2,459, whilst by the year-end it was 2,343. During 2019, 56 new employees were hired (18 in Personnel Unit, 36 in Education Directorate, and 2 in Health Administration). We tested 100 samples that amounted to €305,105 as part of substantive testing and 20 samples as part of compliance testing.

### Issue B2 – Compensation of salaries not in compliance with Appointment Acts

#### Finding

During this year as well, the Municipality carried on with compensating three civil servants not in compliance with the Appointment Acts.

- The person in charge for the Book Cataloguing and Classification Sector should be paid with the multiplier 7 according to the contract, but according to the payroll he is paid with the multiplier 6. The multiplier in the contract was changed from 6 to 7 on 01/02/2012 and was not applied;
- The Head of Sector for Spatial Planning and Environmental Protection is supposed to be paid with the multiplier 9 according to the Appointment Act, but according to the payroll he is paid with multiplier 7.5. The multiplier in the contract was changed from 7.5 to 9 on 01/02/2013 and was not applied; and
- The person in charge for the Spatial Planning and Environmental Protection should be paid with the multiplier 7 according to the Appointment Act, but according to the payroll he is paid with the multiplier 6. The multiplier in the contract was changed from 6 to 7 on 01/02/2012.

According to the Municipality, this has occurred due to promotions made in previous years and because the multiplier was changed or increased without ensuring that the Municipality had financial capabilities or without taking into account the financial impact for these positions. The Municipality did not provide us with evidence on communications with Treasury regarding the actions undertaken to implement this recommendation.

#### Impact

Paying employees in contradiction with Appointment acts/Employment contracts not only constitutes a legal violation, but also put the Municipality subject to court proceedings that may lead to additional expenditures for the Municipality.

**Recommendation B2** The Mayor should plan sufficient budget and in cooperation with Treasury, to start paying salaries paid according to signed contracts.

### 2.1.3 Goods and Services

The final budget for Goods and Services and Utilities in 2019 was €4,539,558, out of which €4,238,062 were spent. They mainly relate to purchase of materials, stationery, rent, fuel, renovations and maintenance etc. We tested 51 samples of €754,179 as part of substantive testing and six samples as part of compliance testing.

### 2.1.4 Subsidies and Transfers

The final budget for Subsidies and Transfers was €1,082,486, out of which €755,550 were spent. They mainly relate to payments for individual beneficiaries, subsidies to public entities etc. We tested nine samples of €134,979 as part of substantive testing and six samples as part of compliance testing.

---

#### Issue A2 – Failure to prepare the annual plan for financial support to NGOs

**Finding** MoF Regulation No.04/2017 on the criteria, standards and procedures on public funding of NGOs, Article 6.1, stipulates that providers of financial support should prepare the annual plan of financial support for NGOs at the latest 30 days after the approval of the annual budget of the Republic of Kosovo and should send it to respective office for good governance at the Prime Minister's Office of the Republic of Kosovo.

The Municipality did not prepare the annual plan for financial support to NGO. The only justification we had from municipal officers was they would not prepare such a plan.

**Impact** Failure to prepare the annual plan on financial support to NGOs results in lack of information on the areas to be supported by the Municipality and on the objectives these funds are designated for.

**Recommendation A2** The Mayor should ensure that the annual plan on financial support to NGOs is prepared and contains all the criteria established in the regulation for financial support.

---

**Issue A3 – Subsidies granted to the same beneficiary**

**Finding** The Municipality's Regulation on subsidies, Article 6.2 stipulates that a natural or legal person shall only once a year benefit from the subsidies granted by the Municipality.

In analysing six subsidies granted by the Municipality of Gjilan, in three of them granted for "Supply of beekeepers with L&R type three-storey houses", "Planting of 15ha with walnut trees", and for "Agriculture mechanisms", we found that a number of farmers had benefited two subsidies and more. This was due to lack of inspections and commissions' lack of information during the selection of beneficiaries. According to Agriculture Directorate, the reason behind the same persons having benefited subsidies more than once was that they had benefited small amounts so it was not considered reasonable to eliminate the same beneficiaries.

**Impact** Granting subsidies to the same beneficiaries for multiple times thus depriving others to benefit at least once not only casts doubts on the correctness of granted subsidies but it also undermines the image of the Municipality and discourages farmers from applying for subsidies in the future.

**Recommendation A3** The Mayor should ensure that subsidies are given in compliance with the Regulation of the Municipality wherefrom a farmer cannot benefit more than once within one year. Otherwise, the possibility for amending/supplementing the regulation on granting of subsidies should be taken into consideration.

### 2.1.5 Capital Investments

The final budget for Capital Investments was €5,994,969, out of which €5,527,059 were spent. There relate to the construction of roads, construction of business/administration buildings, investment maintenance, purchase of vehicles, etc. We tested 63 samples of €1,673,528 as part of substantive testing and five samples as part of compliance testing.

---

**Issue A4 – Contracts awarded without meeting the administrative criteria in the Tender Dossier****Finding**

According to the Rules and Operational Guidelines for Public Procurement (ROGPP), Article 41.1, timely received tenders submitted by the EOs shall be examined, evaluated and compared in accordance with the procedures and criteria set out in the contract Notice/Tender Dossier and the contract shall be awarded to the highest ranked tenderer.

In the procurement procedure “Vërbicë e Zhegovcit – Sllovi” in the amount of €1,346,909, one of the criteria in the Tender Dossier was: the economic operators must have excavators of 04-1m<sup>3</sup> and 3-4m<sup>3</sup> capacity as well two Graders of 12 ton minimum. The winning economic operator did not provide evidence of meeting these criteria of the Tender Dossier.

In the procurement procedure “Construction of Kumanova road – phase II” in the amount of €2,388,853, one of the criteria in the Tender Dossier was: the economic operators must have excavators of 04-1m<sup>3</sup> and 3-4m<sup>3</sup> capacity, pneumatic hammer, an engineer or bachelor of Hydrotechnics with professional experience, of at least 2 years after graduation, in the implementation of similar projects, appointed in a written letter signed by the engineer and the Company. The winning economic operator did not provide evidence of meeting these criteria of the Tender Dossier and did not provide evidence on the qualification and professional experience of the engineer of Hydrotechnics.

In the procurement procedure “Asphalting of roads in Lower Livoç” in the amount of €466,026, one of the criteria in the Tender Dossier was: the economic operators must have excavators of 04-1m<sup>3</sup> and 3-4m<sup>3</sup> capacity, Graders of 12 ton minimum, and pneumatic hammer. The winning economic operator did not provide evidence of meeting these criteria of the Tender Dossier.

In the procurement procedure “Opening of roads according to regulatory plans” in the amount of €377,477, the criteria in the Tender Dossier were: the economic operators must have excavators of 04-1m<sup>3</sup>; contracts signed between the employer and employee should be notarised copies and notarisation should take place in the presence of both parties before the notary. The winning EO did not provide evidence of owning the machinery according to the Tender Dossier and for employment contracts of seven employees were sent to the Notary by someone else other than employees themselves and the same were not notarised in the presence of both parties before the Notary.

This occurred due to lack of controls and because of Evaluation Committee’s lack of information on the criteria in the Tender Dossier. We did not obtain any reasoning by the municipal officers regarding these findings.



---

**Impact** Awarding contracts to EOs that may not meet the criteria established in the Tender Dossier may lead to the situation where they will not meet the criteria in the Tender Dossier, may not terminate the works as required given they did not prove to own the machinery required in the specifications of the Tender Dossier.

**Recommendation A4** The Mayor should ensure that during evaluation are provided sufficient technical evaluation capacities, and that economic operators that best meet the criteria in the Tender Dossier are awarded.

#### **Issue A5 – Lack of project managers**

**Finding** The ROGPP, Article 61.4, stipulates that after a contract has been signed by both parties the responsible Procurement Officer shall inform the Chief Administrative Officer “CAO” and the CAO shall, appoint in writing, a Project Manager responsible for the management (supervision) of the specific contract and for informing the responsible Procurement Officer.

In three tested cases of procurement procedures for capital investments, the Municipality did not appoint the project manager, as required in the Regulation. According to municipal officers, this occurred because the Municipality has entered into a contract with a private company which supervises the works executed by the Municipality.

**Impact** Failure to appoint project managers leads to the lack of communication between the Municipality and economic operators and lack of assurance that the required works have been executed according to the contract terms.

**Recommendation A5** The Mayor should ensure that a project manager is appointed for each and every signed contract, regardless of the fact that the Municipality has a supervisory body.

---

**Issue A6 – Improper segregation of duties in the procurement process**

**Finding** According to Article 62.7 of ROGPP, a member of the evaluation committee cannot be appointed as the project manager, but in case of re-evaluation, the committee members of the previous evaluation may serve as project manager.

The chairman of the committee for “Opening of roads according to regulatory plans” was also appointed as the contract management for the same contract. According to the Municipality, this occurred due to the officers’ lack of knowledge on the regulation’s requirements preventing conflict of interest.

**Impact** Improper segregation of duties, i.e. engaging officer on bids evaluation and project management is in contradiction to the applicable rules and increases the risk of conflict of interest.

**Recommendation A6** The Mayor should ensure that all public procurement rules and procedures are applied in order to have a fair segregation of duties during the procurement process and any potential conflict of interest prevented.

---

**Issue B3 – Contracted quantities exceeded****Finding**

According to Article 56.10 of ROGPP, if the orders exceed the total indicated quantity or total indicated value of the public framework contract 9(including +30%) regardless the original expiry date of the Public Framework Contract, it will be automatically ceased. The permitted discrepancy of plus/minus thirty percent (30%) applies to both Lots and stage/item and the allowed threshold is reached the Contracting Authority is not allowed to make other orders for that Lot or stage/item.

In the framework contract for “Technical maintenance of buildings in all the requesting units of Municipality of Gjilan” we found that the total indicative quantity of the framework contract was exceeded in 12 stages. In total, the maximum payments for these stages for three years should have been €40,095, whilst during 2019 there were paid €191,136, or €151,041 more. The exceeded units for one stage were 13,430, whilst the exceeded number of units in other stages was lower.

According to responsible officers, this occurred because of the Project Manager’s lack of knowledge that units could not be exceeded for more than 30%.

**Impact**

Inadequate assessment of needs leads to repetition of tendering procedures, thus causing more unreasonable spending of public money. Exceeding the three-year indicative values in the first year leads to the increase in unplanned liabilities.

**Recommendation B3** The Mayor should ensure that before initiating procurement procedures and entering into contractual obligation, are defined clearly the needs that are to be met through framework contracts, and ensure that contract managers keep adequate records on the level of each item is supplied so that are in line with the contract.

---

**Issue C1- Executive construction project lacking**

**Finding** The Law on Public Procurement (LPP), Article 28.10, stipulates that the contracting authority shall possess an executive construction project prior to the commencement of works contracting procedures.

The project "Opening of roads according to regulatory plans" was lacking the construction plan. This occurred because of the Municipality's negligence on this issue.

**Impact** Initiating the procurement procedure in lack of the project may result in legal requirements being overlooked and enables poor execution of contracts for non-projected and non-studied works. It may also result in unforeseen expenditures or even provide poor value for the taxpayers' money spent.

**Recommendation C1** The Mayor should ensure that when outsourcing works/construction the competent levels have, in advance, developed the project in compliance with needs and foreseen requests, otherwise such procedures should not be initiated.

**Issue B4 - Initiation of the projects without sufficient budget**

**Finding** MoF Financial Rule 01/2013 on Public Funds Expenditures, Article 12, par. 2, which states: LPFMA Article 36.1 requires from Budget Organisations, that prior to initiation of a procurement process which is to result in filing of an obligation in the current fiscal year, to register all commitments of funds allocated in Kosovo Financial Management Information System (KFMIS) in accordance with FC rules.

The contract for "Opening of roads according to regulatory plans" was signed in the amount of €377,477, whilst the commitment was made in the amount of €9,180. According to the Law on Budget, the allowed amount foreseen to be spent for this project in 2019 was €130,000. In addition, the contract for the project "Rehabilitation/asphalting of roads in Lower Livoç" was signed in the amount of €466,026, whilst the commitment was made in the amount of €51,000. We were not given any explanation by the finance office as to why the commitment was not made in the same amount foreseen in the Law on Budget for this project.

**Impact** Entering into liabilities without providing the necessary funds increases the risk of delays in the contract implementation and increases the outstanding liabilities, which will be a burden for the following year's budget.

**Recommendation B4** The Mayor should strengthen controls during project development by ensuring that sufficient funds are provided for the implementation of any capital project prior to initiation of procurement procedures.

## 2.1.6 Common issues on Goods & Services and Capital Investments

Common issues regarding Goods & Services, Subsidies, and Capital Investments are the following:

### Issue A7 – Delayed initiation of evaluation process, delayed evaluation, and delayed publication of the Contract Signing Notice

#### Finding

The Rule and Operational Guidelines for Public Procurement states that the procedure for examination, evaluation and comparison of tenders shall be completed by the CA within the shortest possible period of time and no more than 30 days from the opening of the tenders. Only in exceptional and well justified cases, in particular with the contracts of a complex nature, this period may be extended for additional term of 20 days. The evaluation shall start no later than five days after the completion of the tender opening procedure. We found that:

- In the category of Goods and Services, in three out of six tested cases the Municipality had started the tender evaluation process in delay. Delays were of 14 days (Supply of wood to burn); of 17 days (Supply of hygienic material); and of 24 days (Supply of foodstuff and beverages).
- In the category of Capital Investments, in two procurement procedures there were delays in the evaluation of tender dossiers: four days in "Construction of the road Vërbica e Zhegovcit - Sllovi"; and 48 days in "Construction of Kumanovo road phase II".
- In four other cases, the Municipality has delayed the publication of the B52 Form for Contract Signing Notice by 13 days (Supply of foodstuff and beverages); 21 days (Supply of pellet), 24 days (Supply of wood to burn); and 29 days (Provision of projects supervision services for the Municipality of Gjilan).

According to municipal officers, the reasons behind these delays were that the officers were also engaged in other tasks and the time it took for the economic operators' complaints to be reviewed.

#### Impact

Delays in evaluation of tenders may lead to the situation where the commencement and execution of works the procurement process was conducted for may not be terminated on time or even postponed to the following year.

**Recommendation A7** The Mayor should ensure that the tenders' evaluation process starts shortly after the tender opening process is completed and no later than five days. He should also ensure that the evaluation is made within the foreseen deadlines and that all notices and other documents required in the ROGPP are published in time.

## 2.2 Capital and non-capital assets

The value of capital assets presented in the AFS was €215,321,287; of non-capital assets was €1,307,174; and that of stocks was €197,035. We tested 62 samples of €1,604,551 as part of substantive testing and carried out compliance testing.

### Issue A8 – Overstatement/understatement of capital assets

#### Finding

According to Regulation 02/2013 on Management of Non- financial Assets, Article 6, section 3, capital assets must be recorded in KFMIS, whilst non-capital assets and stocks in the “e- assets” system. Meanwhile, Article 13, section 2, regarding acquisition and construction of non-financial assets for other budgetary organisations stipulates that when non-financial assets have passed all the rules and procedures of delivery, the funding budget organisation will close the Ongoing Investment category.

We found that the Municipality has overstated/understated capital assets as the following:

- Six payments in the amount of €92,940 were not recorded in the assets register. These payments relate to capital assets<sup>5</sup>.
- The Municipality had received assets from external parties in the amount of €50,409. Out of which, €2,600 were recorded as capital assets, whilst equipment in the amount of €47,809 were not recorded in the assets registers.
- Assets in the amount of €6,360, which belong to the capital assets category, were recorded in Excel application as assets under €1,000.
- The Municipality had purchased assets in the amount of €78,000 for Tregu Enterprise. These assets were recorded in the assets registers but were not transferred to the enterprise.

<sup>5</sup>•The payment in the amount of €50,000 regarding renovation of buildings was not completely recorded. Only the amount of €30,250 was recorded as assets.

•Payments in the amount of €27,198 and €30,000, which are part of a joint bill-of-quantities and relate to the surveillance camera system in a school, were not completely recorded. Only the amount of €8,100 was recorded as assets.

•The payment in the amount of €72,636, regarding renovation of buildings was not completely recorded. Only the amount of €57,636 was recorded as assets.

•The payment in the amount of €3,389 regarding the planting of trees and the payment in the amount of €5,703 regarding the purchase of equipment were not recorded as assets at all.

This occurred due to the lack of controls and lack of knowledge on the requirements of the Regulation on assets management. We were not given any explanations by the municipal officers regarding the abovementioned cases.

**Impact** Failure to register assets and incorrect recording of assets leads to overstatement/understatement of assets. As a result, the information presented in the AFS is incorrect.

**Recommendation A8** The Mayor should ensure that the purchased items are recorded in the respective assets registers according to the requirements of the Regulation on assets management. Assets purchased for Tregu enterprise should be written off the Municipality's assets register.

#### **Issue A9 – Failure to use e-assets system and lack of internal regulations on assets**

**Finding** Regulation 02/2013 on Management of Non- financial Assets, Article 6, para.3, stipulates that assets under €1,000 should be recorded in the e-assets system.

The total value of non-capital assets under €1,000 presented in the AFS was €1,307,174. The Municipality does not use e-assets program to record and manage the assets under €1,000. The Municipality applies the Excel program to record these assets. Assets are not recorded in this program by the item's individual value, but by the value of the transaction incurred. Considering the possibility for data manipulation and because assets depreciation is not applied, the value of assets disclosed in the AFS is considered incorrect.

According to 4 of the Regulation 02/2013, the Chief Administrative Officer is responsible for adoption of internal rules and procedures on recording, preservation and alienation of non-financial assets. The Municipality has not adopted internal rules and procedures on recording and alienation of its assets.

Municipal officers did not provide us with any explanation on the failure to apply the regulation's requirements.

**Impact** Failure to use e-assets program to record and manage assets enables data manipulation and even misuse of them. As a result, the value of assets may not be fairly presented in the AFS. Failure to approve internal rules and regulations may lead to loss or misuse of assets.

**Recommendation A9** The Mayor should ensure that the assets under €1,000 is recorded in the e-assets system as required in the applicable regulations. He should also develop internal rules and regulations on assets.

## 2.3 Receivables

In its financial statements for 2019, Municipality of Gjilan presented the accounts receivable in the amount of €10,792,402. This amount consists of the property tax of €8,665,481, business licenses of €1,760,985, rental of municipal property of €326,580, public-private partnership of €33,404, and business incubator of €5,952.

## 2.4 Liabilities

### 2.4.1 Outstanding liabilities

The statement of outstanding liabilities towards suppliers at the end of 2019 was €9,951,147, out of which €9,647,779 relate to land expropriations. These liabilities are carried forward to be paid in 2020.

---

#### Issue A10 – Failure to protocol invoices and delays in paying them

<b>Finding</b>	<p>According to Article 24, section 1.3 of the MoF Financial Rule 01/2013, the invoice should be archived and registered in the invoice book. Whilst, Article 37.1 stipulates that all invoices received by a budget organisation should be paid within 30 days unless otherwise stipulated in the contract.</p> <p>We found that 19 invoices were archived after they were paid, whilst 14 invoices were paid but they were not registered yet. This occurred because the Municipality does not have an invoice book and uses a software to protocol the invoices, however there is no mechanism to validate its accuracy.</p> <p>Seven invoices in the amount of €10,059 were paid after the deadline of 30 days was due. The reason behind the delayed payment of invoices was the lack of budget.</p>
<b>Impact</b>	<p>Failure to archive or delayed archiving of received invoices leads to the risk of invoices being paid more than once and exceeding of the legal deadline for paying the liabilities may put the Municipality subject to lawsuits filed by economic operators thus leading to more court/enforcement related expenditures for the Municipality.</p>
<b>Recommendation A10</b>	<p>The Mayor should ensure that all invoices are archived/registered in the invoice book and that invoices are paid according to the deadlines set in the regulations.</p>



**Issue A11 – Incorrect presentation of the amount of liabilities in the AFS**

**Finding** According to MoF Regulation no.01/2017 on Annual Financial Reporting by Budget Organisations, Article 17, section 3, budget organisations are required to report all liabilities (invoices) by 31<sup>st</sup> of December of the reported year.

Two invoices in the amount of €5,308, belonging to 2019, were not disclosed in the financial statements as liabilities. The same were paid through Treasury in 2020. This occurred because of the lack of communication between Finance Office and the Municipality's lawyer.

**Impact** Incorrect presentation of municipal liabilities leads to incorrect presentation of notes in the AFS.

**Recommendation A11** The Mayor should ensure that the Municipality's lawyer informs the Finance Office on the court decisions and that outstanding liabilities are fairly presented in the financial statements.

**2.4.2 Contingent liabilities**

The value of contingent liabilities for 2019 was €10,936,835. Compared to the previous year, the value increased for €1,100,542. Should these lawsuits be filed in favour of the plaintiffs, then the Municipality may suffer severe financial consequences.

**Issue A12– Overstatement of contingent liabilities**

**Finding** According the Law no.03-L-048 on Public Financial Management, contingent liability means a potential obligation that will materialize only if certain events occur in the future.

The Municipality presented the amount of €33,246 in the AFS as both contingent liability and outstanding liability. This type of liability belongs to outstanding liabilities. We were not given any explanation by the municipal officers.

**Impact** Presentation of same notes in two different categories in the AFS results in overstatement of contingent liabilities and provision of incorrect information to the users of the AFS.

**Recommendation A12** The Mayor should ensure that liabilities are fairly presented according to the requirements of the Law on Public Financial Management.

### 2.4.3 Contractual liabilities

The statement of contractual liabilities to suppliers by the end of 2019 was not submitted by Gjiilan Municipality. These liabilities relate to contracts/agreements signed the liabilities of which are paid in the following years.

## 2.5 Internal Audit System

Gjiilan Municipality has established the Internal Audit Unit (IAU) which operates with three auditors, one of them is the Director of the IAU. The IAU has drafted the strategic plan for the period 2019-2021 and the annual plan for 2019. IAU fulfilled the annual plan by conducting 12 audits as planned. They resulted in 24 recommendations, out of which 13 were implemented, seven were in the process of recommendations and four were not implemented. The audit committee held four meetings during 2019.

## 3 Progress in implementation of recommendations

Our Audit Report on the 2018 AFS of Gjiilan Municipality resulted in 18 key recommendations. The Municipality prepared an Action Plan stating how recommendations given will be implemented. The Municipality has submitted the Progress Report on Implementation of Recommendations (September 30<sup>th</sup> and March 15<sup>th</sup>) according to the requirements of the Rules of Procedures on the implementation of audit and action plans.

By the end of our audit for year 2019, eight recommendations were implemented, two were under implementation, and three were considered as closed. For a more description of the recommendations and the way they have been addressed, please refer to table 4 (Table of recommendations).

Table 4 Summary of recommendations of the previous year and of 2019

N r.	Audit area	Recommendations of 2018	Actions undertaken	Status
1	AFS	<p>The Mayor should ensure that an analysis is carried out to determine the reasons for the Emphasis of Matter. All expenses should be paid and recorded in accordance with the chart of accounts, based on the requirements of the budget law. Controls on the recording of all assets as well as unpaid liabilities should be strengthened and disclosed fairly in the financial statements based on relevant documentation</p> <p>Specific actions on other issues raised related to the AFS should be undertaken to address the causes systematically to eliminate errors in AFS reporting, including fair disclosure. The Declaration made by the Chief Administrative Officer and Chief Financial Officer should not be signed unless all necessary checks have been applied to the AFS.</p>	This finding has been transferred to the relevant categories. Therefore, here it is considered closed.	Closed
2	Budget process	The Mayor should ensure that a systematic assessment of the causes for the low level of execution of the capital investment budget is made and determine the practical options for improving its performance in the coming year.	This issue will not be addressed in the 2019 audit report.	Closed
3	Revenues	The Mayor should request from the property tax manager to pay attention, during the property registration and verification process, not only to the registration of new properties and physical changes occurring in existing properties, but also to the corrections of identified weaknesses dealing with taxpayer property information in the system so that tax calculations are as realistic as possible.	The municipality has taken actions to correct weaknesses identified.	Implemented
4	Revenues	The Mayor should request from the Property Tax Office a detailed mid-term plan to eliminate the identified weaknesses and to supervise on a regular basis the implementation of that plan, by eliminating the identified weaknesses.	The audit team did not identify any such cases.	Implemented

5	Revenues	The Mayor should ensure that the immovable property of the Municipality is effectively used, by considering adherence to the legal requirements by which the procedures and forms for the use and exchange of immovable property of the Municipality are determined.	The situation continues to be the same. Issues B1	Not Implemented
6	Wages and Salaries	The Mayor should plan a sufficient budget for the payment of all employees according to valid employee appointment acts so that the Municipality should avoid various lawsuits and possible additional costs of court procedures or should initiate and implement the administrative procedure for harmonisation of the Appointments Act.	The Municipality has not undertaken any action. Refer to Issue B2	Not Implemented
7	Goods and Services and Utilities	The Mayor should strengthen controls in the payment process to ensure that payments are made only after providing sufficient evidence for the performance of the contracted works/services and in accordance with the contractual terms. Measures should also be taken to prohibit irregular payment practices for pupils' transportation by compensating the budget damage made from the responsible officers.	The audit team did not identify any such cases	Implemented
8	Goods and Services and Utilities	The Mayor should ensure efficient functioning of contract management controls. Contract Managers should keep adequate records on the level of supply of each item with a framework contract so that the supplies are made in accordance with the contracted quantities/value and the Municipality should not order supplies more than permitted by contract and PPL and should ensure that real needs planning is done.	The Municipality has not undertaken any action. Refer to Issue B4	Not implemented
9	Goods and Services and Utilities	The Mayor should ensure that controls within the Procurement Office operate before a Tender Dossier is published and a formal review of the Tender Dossier is made by the responsible persons, in order to avoid such errors	The audit team did not identify any such cases	Not implemented

10	Goods and Services and Utilities	The Mayor, with the Management of the Municipality, should review the real needs for engagement of employees with special service agreements, as the observed cases are not related to specific or transitional services, but are permanent positions. The need for additional staff for career positions should be analysed and if the increase in the number of staff is indispensable, this should be incorporated also in the budget planning.	The audit team did not identify any such cases	Implemented
11	Subsidies and Transfers	The Mayor should ensure that when the subsidy is allocated, the relevant agreement is signed and the beneficiaries report on the implementation of the project.	The Municipality has published public call	Implemented
12	Subsidies and Transfers	The Mayor should ensure that subsidy payments are in compliance with the internal regulation on subsidies award, decisions and subsidy agreements and payments from this category should be made only to beneficiaries.	The audit team did not identify any such cases	Implemented
13	Subsidies and Transfers	The Mayor should ensure that controls are in place in the subsidy award process and that the beneficiaries meet the criteria under which the subsidy is allowed based on the regulation.	The Municipality published the subsidy notice	Implemented
14	Capital Investments	The Mayor should ensure consistent and effective compliance with procurement rules regarding contract management. The Assembly should also act on the basis of competencies with the aim of respecting the rules and not overcoming competences..	During the audit we did not found such case.	Implemented
15	Capital Investments	The Mayor should ensure controls are in place and monitor the application of legal requirements by reviewing the implementation of the procurement law. When contracting works/construction, the Mayor should ensure that competent levels have in advance drafted the project in accordance with the assessed needs and requirements, otherwise such procedures should not initiate.	The Municipality has undertaken actions. Out of five tested projects only one was lacking the detailed plan. See C1.	In process of implementation

16	Capital Investments	The Mayor should strengthen controls during project development by ensuring that before the initiation of procurement procedures, any capital project has sufficient funds for implementation.	Out of five tested contracts, two were signed without sufficient budget. Refer to issue B4.	Not Implemented.
17	Accounts receivables	The Mayor should provide for an effective management of lease contracts and establish effective mechanisms for the collection of revenues in accordance with contractual terms, namely the implementation of deadlines for invoicing and collection of rental means.	The municipality has started filing lawsuits to the Court against debtors, and has increased debt collection.	Implemented
18	Management Reporting, Accountability and Risk Management	The Mayor should ensure that a review has been carried out to determine the form of financial and operational reporting to senior management. Budgetary performance, including revenue and expenditure, procurement plan, asset management and management of accounts receivable, should be subject to regular reporting and review by the Management.	NAO did not handle this chapter in the audit report of 2019.	Closed
Nr.	Audit area	Recommendations of 2019		
1	Budget planning and execution	The Mayor should ensure that all necessary actions are undertaken in order to enable that all expenditures are planned under adequate budget lines or funds are re-designated and that payments and recording of expenditures are made under the adequate economic codes.		
2	Revenues	The Mayor should ensure that the municipal immovable property is effectively used by giving due consideration to adherence to procedures on allocation for use and exchange of municipal immovable property.		
3	Wages and Salaries	The Mayor should plan a sufficient budget and ensure that, in cooperation with Treasury, salaries are paid according to the signed contracts.		
4	Subsidies and Transfers	The Mayor should ensure that the annual plan on financial support to NGOs is prepared and contains all the criteria established in the regulation for financial support.		



5	Subsidies and Transfers	The Mayor should ensure that subsidies are given in compliance with the Regulation of the Municipality wherefrom a farmer cannot benefit more than once within one year. Otherwise, the possibility for amending/supplementing the regulation on granting of subsidies should be taken into consideration.
6	Capital Investments	The Mayor should ensure that during evaluation, sufficient technical evaluation capacities are created and that economic operators that best meet the criteria in the Tender Dossier are awarded.
7	Capital Investments	The Mayor should ensure that a contract manager is appointed for each and every signed contract, regardless of the fact that the Municipality has a supervisory body.
8	Capital Investments	The Mayor should ensure that all public procurement rules and procedures are applied in order to have a fair segregation of duties during the procurement process and any potential conflict of interest prevented.
9	Capital Investments	The Mayor should ensure that the needs to be met through framework contracts are accurately assessed before the procurement procedures are initiated and contractual obligations are entered into. He should also ensure that contract managers keep adequate records on the level each item is supplied, according to the contract.
10	Capital Investments	The Mayor should ensure that when outsourcing works/construction the competent levels have, in advance, developed the project in compliance with needs and foreseen requests, otherwise such procedures should not be initiated.
11	Capital Investments	The Mayor should strengthen controls during project development by ensuring that sufficient funds are provided for the implementation of any capital project prior to initiation of procurement procedures.
12	Common issues on Goods & Services and Capital Investments	The Mayor should ensure that the tenders' evaluation process starts shortly after the tender opening process is completed and no later than five days. He should also ensure that the evaluation is made within the foreseen deadlines and that all notices and other documents required in the ROGPP are published in time.
13	Capital and non-capital assets	The Mayor should ensure that the purchased items are recorded in the respective assets registers according to the requirements of the Regulation on assets management. Assets purchased for "Tregu" enterprise should be written off the Municipality's assets register.
14	Capital and non-capital assets	The Mayor should ensure that the assets under €1,000 is recorded in the e-assets system as required in the applicable regulations. He should also develop internal rules and regulations on assets.
15	Outstanding liabilities	The Mayor should ensure that all invoices are archived/registered in the invoice book and that invoices are paid according to the deadlines set in the regulations.
16	Outstanding liabilities	The Mayor should ensure that the Municipality's lawyer informs the Finance Office on the court decisions and that outstanding liabilities are fairly presented in the financial statements.

---

17	Contingent liabilities	The Mayor should ensure that liabilities are fairly presented according to the requirements of the Law on Public Financial Management.
----	------------------------	--

\*This report is a translation from the Albanian original version. In case of discrepancies, Albanian version shall prevail.



---

## Annex I: Explanation of the Different Types of Opinion Applied by NAO

(extract from ISSAI 200)

### Form of opinion

147. The auditor should express **an unmodified opinion** if it is concluded that the financial statements are prepared, in all material respects, in accordance with the applicable financial framework.

If the auditor concludes that, based on the audit evidence obtained, the financial statements as a whole are not free from material misstatement, or is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement, the auditor should modify the opinion in the auditor's report in accordance with the section on "Determining the type of modification to the auditor's opinion".

148. If financial statements prepared in accordance with the requirements of a fair presentation framework do not achieve fair presentation, the auditor should discuss the matter with the management and, depending on the requirements of the applicable financial reporting framework and how the matter is resolved, determine whether it is necessary to modify the audit opinion.

### Modifications to the opinion in the auditor's report

151. The auditor should modify the opinion in the auditor's report if it is concluded that, based on the audit evidence obtained, the financial statements as a whole are not free from material misstatement, or if the auditor was unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement. Auditors may issue three types of modified opinions: a qualified opinion, an adverse opinion and a disclaimer of opinion.

---

*Determining the type of modification to the auditor's opinion*

152. The decision regarding which type of modified opinion is appropriate depends upon:

- The nature of the matter giving rise to the modification – that is, whether the financial statements are materially misstated or, in the event that it was impossible to obtain sufficient appropriate audit evidence, may be materially misstated; and
- The auditor's judgment about the pervasiveness of the effects or possible effects of the matter on the financial statements.

153. The auditor should express **a qualified opinion if**: (1) having obtained sufficient appropriate audit evidence, the auditor concludes that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statements; or (2) the auditor was unable to obtain sufficient appropriate audit evidence on which to base an opinion, but concludes that the effects on the financial statements of any undetected misstatements could be material but not pervasive.

154. The auditor should express **an adverse opinion if**, having obtained sufficient appropriate audit evidence, the auditor concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.

155. The auditor should **disclaim an opinion if**, having been unable to obtain sufficient appropriate audit evidence on which to base the opinion, the auditor concludes that the effects on the financial statements of any undetected misstatements could be both material and pervasive. If, after accepting the engagement, the auditor becomes aware that management has imposed a limitation on the audit scope that the auditor considers likely to result in the need to express a qualified opinion or to disclaim an opinion on the financial statements, the auditor should request that management remove the limitation.

156. If expressing a modified audit opinion, the auditor should also modify the heading to correspond with the type of opinion expressed. ISSAI 170519 provides additional guidance on the specific language to use when expressing a modified opinion and describing the auditor's responsibility. It also includes illustrative examples of reports.

*Emphasis of Matter paragraphs and Other Matters paragraphs in the auditor's report*

157. If the auditor considers it necessary to draw users' attention to a matter presented or disclosed in the financial statements that is of such importance that it is fundamental to their understanding of the financial statements, but there is sufficient appropriate evidence that the matter is not materially misstated in the financial statements, the auditor should include an Emphasis of Matter paragraph in the auditor's report. Emphasis of Matter paragraphs should only refer to information presented or disclosed in the financial statements.

158. An Emphasis of Matter paragraph should:

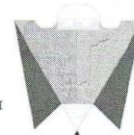
- be included immediately after the opinion;
- use the Heading “Emphasis of Matter” or another appropriate heading;
- include a clear reference to the matter being emphasised and indicate where the relevant disclosures that fully describe the matter can be found in the financial statements; and
- indicate that the auditor’s opinion is not modified in respect of the matter emphasised.

159. If the auditor considers it necessary to communicate a matter, other than those that are presented or disclosed in the financial statements, which, in the auditor’s judgement, is relevant to users’ understanding of the audit, the auditor’s responsibilities or the auditor’s report, and provided this is not prohibited by law or regulation, this should be done in a paragraph with the heading “Other Matter,” or another appropriate heading. This paragraph should appear immediately after the opinion and any Emphasis of Matter paragraph.

## Annex II: Confirmation Letter



REPUBLIKA E KOSOVËS  
 REPUBLIKA KOSOVA / REPUBLIC OF KOSOVA  
 KOMUNA E GJILANIT  
 OPŠTINA GNJILANE / MUNICIPALITY OF GJILAN / GILAN BELEDIYESI



ZYRA E KRYETARIT  
 KANCELARIJA PRESEDNIKA / MAYOR'S OFFICE / BASKAN OFISI

### LETËR E KONFIRMIMIT

Për pajtueshmërinë me të gjeturat e Auditorit të Përgjithshëm për vitin 2019 dhe për implementimin e rekomandimeve

Për: Zyrën e Kombëtare të Auditimit

Të nderuar,

Përmes kësaj shkrese, konfirmoj se:

- kam pranuar draft raportin e Zyrës Kombëtare të Auditimit për auditimin e Pasqyrave Financiare të Komunës së Gjiçanit, për vitin 2019 (në tekstin e mëtejshëm "Raporti");
- pajtohem me të gjeturat dhe rekomandimet dhe nuk kam ndonjë koment për përmbajtjen e Raportit; si dhe
- brenda 30 ditëve nga pranimi i Raportit final, do t'ju dorëzoj një plan të veprimit për implementimin e rekomandimeve, i cili do të përfshijë afatet kohore dhe stafin përgjegjës për implementimin e tyre.

Z. **Lutfi Haziri**

Kryetar i Komunës së Gjiçanit

Data: 29.06.2020, Gjiçan

*Lutfi E. Haziri*

